



**COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS**

One Federal Street, Suite 710, Boston, Massachusetts 02110-2012
(617) 956-1500 · TDD (617) 956-1577
www.Mass.Gov/DOB

MAURA T. HEALEY
GOVERNOR

KIM DRISCOLL
LIEUTENANT GOVERNOR

YVONNE HAO
SECRETARY OF ECONOMIC
DEVELOPMENT

LAYLA R. D'EMILIA
UNDERSECRETARY

MARY L. GALLAGHER
COMMISSIONER

**Decision
Relative to the Merger of
Wakefield Co-operative Bank, Wakefield, Massachusetts
with and into
Reading Co-operative Bank, Reading, Massachusetts**

Reading Co-operative Bank, Reading, Massachusetts (Reading Co-operative) has applied to the Division of Banks (Division) for approval to merge with Wakefield Co-operative Bank, Wakefield, Massachusetts (Wakefield Co-operative) pursuant to the provisions of Massachusetts General Laws chapter 167I, section 2. Under the terms of a Merger Agreement and Plan of Merger dated as of December 31, 2024 (collectively, the Merger Agreement), Wakefield Co-operative will merge with and into Reading Co-operative (Merger) under the charter, bylaws, and name of Reading Co-operative (Continuing Institution). The main office of Reading Co-operative will remain the main office of the Continuing Institution after consummation of the proposed Merger, and the Continuing Institution will retain all of the banking offices of Wakefield Co-operative as branch offices.

Legal and Procedural Requirements

Notice of Reading Co-operative's application was posted and published as directed by the Division thereby affording opportunity for interested parties to submit comments to the Division. The period for filing comments has expired, and no comments were received. The Division reviewed the application and supplementary materials submitted by Reading Co-operative in accordance with applicable law, including the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage as well as "net new benefits" will be promoted by approval of the proposed transaction. The Division also considered both banks' records of performance under the Community Reinvestment Act (CRA) as well as financial and managerial factors.

Pursuant to Massachusetts General Laws chapter 167I, section 6, the bank to be acquired must have been in existence for not less than three years and the continuing institution may not control more than thirty percent (30%) of the total deposits, exclusive of foreign deposits, of all depository institutions in Massachusetts insured by the Federal Deposit Insurance Corporation (FDIC). Reading Co-operative provided information demonstrating that both the age of institution and deposit concentration limit are satisfied by the proposed Merger.

In reviewing the proposed transaction, the Division must receive notice from the Massachusetts Depositors Insurance Fund (DIF) that satisfactory arrangements have been made relative to providing excess deposit insurance coverage for the deposits of the Continuing Institution. The Division received notice from the DIF in a letter dated February 10, 2025 confirming that satisfactory arrangements have been made in connection with the proposed Merger.

The Parties

Reading Co-operative is a Massachusetts state-chartered co-operative bank which operates from its main office in Reading, Massachusetts. Reading Co-operative has 11 full-service banking offices. As of December 31, 2024, Reading Co-operative had total assets of approximately \$930.5 million and total deposits of approximately \$692.3 million. Reading Co-operative's deposits are insured up to applicable limits by the FDIC, and amounts in excess of FDIC deposit insurance limits are insured by the DIF.

Wakefield Co-operative is a Massachusetts state-chartered co-operative bank which operates from its main office in Wakefield, Massachusetts. Wakefield Co-operative has 3 full-service banking offices. As of December 31, 2024, Wakefield Co-operative had total assets of approximately \$205.0 million and total deposits of approximately \$259.3 million. Wakefield Co-operative's deposits are insured up to applicable limits by the FDIC, and amounts in excess of FDIC deposit insurance limits are insured by the DIF.

Competition

Reading Co-operative submitted materials to address the issue that competition among banks will not be unreasonably affected by the proposed Merger. In analyzing the impact of a proposed Merger on banking competition, the Division considers, but does not rely exclusively upon, the guidelines used by the

federal authorities to review bank mergers. These guidelines define relevant geographic markets and measure market concentrations as indicators of competitiveness in the local banking markets. The starting point in the federal analysis is the Herfindahl-Hirschman Index (HHI), an arithmetic measure of market concentration that synthesizes the distribution of market shares and the number of banks in the affected market into a single value. In the case of the proposed Merger, the HHI analysis demonstrates that consummation of the proposed Merger will not result in an undue concentration of banking resources. Using the Federal Reserve Bank's definition of relevant geographic markets, the Boston, MA-NH Banking Market is the relevant banking market for purposes of the Merger. Weighting commercial and thrift deposits equally, the Boston, MA-NH Banking Market is considered a highly concentrated market. With a projected change of only 1 point in the post-merger HHI Index Value, market concentration would remain essentially unchanged following the combination of Wakefield Co-operative with and into Reading Co-operative. This minimal change in the HHI Index Value, combined with the Continuing Institution's projected market share of approximately 0.15% in the geographic market, support a finding that consummation of the proposed Merger will not result in an undue concentration of banking resources.

In addition to reviewing the HHI analysis, the Division also considers the competitive impact of the proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. The proposed Merger will not reduce the number of banking locations in any of the communities in which the two banks do business since Reading Co-operative is planning to maintain its current banking offices as well as the three banking offices of Wakefield Co-operative. The presence of other banks, credit unions, and non-depository lenders in the relevant market is a further indication that the proposed Merger will not have a significant adverse effect on competition nor result in an undue concentration of banking resources in the communities to be served by the Continuing Institution. Based upon the foregoing, the Division finds that the proposed Merger will not unreasonably impact competition.

Public Convenience and Advantage

The Division also considered whether public convenience and advantage will be promoted by the proposed transaction. The Merger will allow the Continuing Institution to provide additional benefits to the customers of Reading Co-operative and Wakefield Co-operative through the convenience of access to the other bank's branch network of full-service branch offices located throughout Essex and Middlesex

Counties. Upon the completion of the Merger, the commercial lending and mortgage lending will be operated on a combined basis with shared lead generation and new business pipeline management, allowing the Continuing Institution to provide even more relevant and innovative services to the customers and improve its efficiency, profitability, and financial stability. The Division considered these factors and others cited in the submitted application materials in determining that public convenience and advantage will be promoted by approval of the proposed Merger.

In determining whether to approve a petition under the statutory criteria, the Division is also required to consider a showing of “net new benefits” related to the transaction. That term as set out in Massachusetts General Laws chapter 167I, section 2 includes consideration of initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Division may deem necessary. Reading Co-operative satisfactorily addressed this requirement of the statute. Reading Co-operative has pledged to continue both banks’ historical practices of investing in the communities they serve and anticipates having a greater depth of resources with which to draw upon to serve these communities.

Reading Co-operative anticipates that the Continuing Institution will be able to both operate more efficiently by delivering services on a more cost-effective basis and also increase product and service offerings. Expanded operations and future growth are anticipated to produce future job creation and opportunities for career advancement for current employees of both banks. As noted above, the application materials describe Reading Co-operative’s intent to continue to operate all of Wakefield Co-operative’s banking offices as branch offices of the Continuing Institution. Based upon the review of these factors, the Division finds that the information provided to address the matters of public convenience and advantage, including net new benefits, are consistent with approval of the proposed Merger.

Another factor for consideration closely related to the issue of public convenience and advantage is the record of CRA performance by the respective banks. Such review for Massachusetts state-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency may also be considered. Reading Co-operative received a “Satisfactory” rating in its most recent CRA performance evaluation conducted by the Division as of July 31, 2023. Wakefield Co-operative received a “Satisfactory” rating in its most recent CRA performance

evaluation conducted jointly by the Division and the FDIC as of June 21, 2021. The Division's review of the CRA performance of each of Reading Co-operative and Wakefield Co-operative supports the approval of the proposed Merger.

Financial and Managerial Considerations

The Division reviews and considers the financial and managerial aspects of the proposed transaction. Because the proposed Merger is a combination of a mutual depository institution with and into Reading Co-op, no consideration will be exchanged and no financing arrangements were necessary to complete this transaction. Materials provided with the merger application indicate that upon consummation of the transaction, the Continuing Institution will continue to meet all regulatory capital requirements as a well-capitalized institution.

According to the application, the board of directors of the Continuing Institution will have 15 directors. Promptly before the closing of the Merger, the Reading Co-operative board of directors will take all actions, as of the effective time, necessary to expand the size of the Reading Co-operative board of directors to 15 members and appoint five new directors, each of whom will be selected from the existing Wakefield Co-operative board of directors by Wakefield Co-operative and subject to the prior consultation of Reading Co-operative (the Wakefield Appointees). Each of the Wakefield Appointees will serve a term that will coincide with the remaining term of that class and until his or her successor is elected and qualified. The directors of the Continuing Institution will be re-classified so that there will be a split of the Wakefield Appointees as evenly as possible amongst all classes of directors and the total number of directors of each class of the Continuing Institution will be split equally. Upon the expiration of the term to which he or she is initially appointed, the board of directors of the Continuing Institution will nominate and recommend such director for election by the shareholders to a successive three-year term on the board of directors of the Continuing Institution; provided that, in each case, he or she continues to meet the eligibility requirements for a director under the articles of organization and the bylaws of the Continuing Institution. The principal executive officers of the Continuing Institution will consist of those individuals currently serving as principal executive officers of Reading Co-operative. The current President and Chief Executive Officer of Reading Co-operative will be appointed to the position of Chief Executive Officer of the Continuing Institution. The current President and Chief Executive Officer of Wakefield Co-operative will

be appointed to the position of President of the Continuing Institution. Accordingly, the financial and managerial considerations support approval of the application.

Conclusion

Upon review of the complete record of the application with reference to the relevant statutory and regulatory requirements, the Division concludes that all such requirements have been met and that consummation of the proposed Merger is in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted for Wakefield Co-operative to merge with and into Reading Co-operative under the charter, bylaws, and name of Reading Co-operative Bank pursuant to Massachusetts General Laws chapter 167I, section 2. Approval is also granted to maintain the former banking offices of Wakefield Co-operative as branch offices of the Continuing Institution pursuant to Massachusetts General Laws chapter 167I, section 2.

The approvals granted herein are subject to the following conditions:

1. That the proposed Merger shall not become effective until a Certificate signed by the Presidents and Clerks, or other duly authorized officers of each bank, indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 167I, section 2 has been returned for my endorsement thereon;
2. That the proposed Merger shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Secretary of State; and
3. That the proposed Merger shall be consummated within one year of the date of this Decision.

Mary L Gallagher
Commissioner of Banks

April 18, 2025
Date